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FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 03/06/03 HB 659/aHTRC

SHORT TITLE: Amend Development Incentive Act SB _____

ANALYST: Gilbert

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|-------------------------|------------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | | | NFI | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 744

SOURCES OF INFORMATION

Responses Received From
 Taxation and Revenue Department (TRD)
 Attorney General's Office

SUMMARY

Synopsis of HTRC Amendment

House Taxation and Revenue Committee amendment to House Bill 659 makes the following technical corrections:

The definition of a "new business facility" in Section 2(A)(3) was amended as outlined below:

(b) the facility is acquired by or leased to the taxpayer on or after July 1, ~~1991~~ 2003 provided, the facility shall be deemed to have been acquired by or leased to the taxpayer on or after the specified date if the transfer of title to the taxpayer, the transfer of possession pursuant to a binding contract to transfer title to the taxpayer or the commencement of the term of the lease to the taxpayer occurs

Section 3(B) of HB 659 was amended as follows:

B. The exemption authorized by Section 3(A), *exempting commercial personal property of a new business facility located in the county or municipality from the imposition of any*

property tax, ~~shall~~ may be for up to one hundred percent of the value for property taxation purposes of the property exempted.

Synopsis of Original Bill

House Bill 659 amends NMSA 1978, § 3-64-1 through NMSA 1978, § 3-64-5 (Development Incentive Act) relating to counties and municipalities being allowed to exempt certain businesses with commercial personal property from property tax provisions. This bill allows: (a) any County or Municipality to participate, (b) raises the exemption from 50% to 100% of the value, (c) raises the exemption to 20 years (as opposed to 5), and (d) adds the generation of electricity as an eligible business.

Significant Issues

Proposed amendments to the Development Incentive Act would 1) change its name to the “Community Development Incentive Act”, 2) change the definition of “new business facility” to include facilities purchased after December 21, 2001, 3) allow Class A counties and their municipalities to offer incentives provided by the act, 4) include electrical generation facilities in the list of businesses that qualify for the exemption, 5) extend the exemption to 100 percent of personal property, and 6) extend the exemption to a maximum time period of 20 years.

FISCAL IMPLICATIONS

According to the Taxation and Revenue Department (TRD), HB 659 would not impose significant impacts on state or local revenue sources. Personal property currently accounts for a very small fraction of New Mexico’s total assessed property value and the number of businesses qualifying for the exemption would be a small.

RLG/njw